GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1702
ANSWERED ON:04.12.2006
PRODUCTION OF ETHANOL
Badiga Shri Ramakrishna;Patel Shri Jivabhai Ambalal;Renge Patil Shri Tukaram Ganpatrao

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) Whether production of ethanol has increased in the country during the last three years and the current year ;

(b) If so, the details thereof and the steps taken to further augment ethanol production ;

(c) Whether the Government has provided/proposes to provide special facilities/loans at lower interest rates to sugar factories for setting-up of plants for production of ethanol from molasses/alcohol;

(d) If so, the details thereof; and

(e) The steps taken/proposed to promote utilisation of ethanol produced by these mills?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a)&(b) : The production of ethanol is expected to go up to about 550 million liters during the current year. In the absence of a clear policy on blending of ethanol with petrol, there was no significant production of ethanol during the last three years.

The Government has decided to blend 5% ethanol with petrol from November, 2006 which will create a demand for about 550 million litres during the current year which in turn will augment ethanol production. Further, concessional loans are provided from Sugar Development Fund

(SDF) to the sugar factories to establish facilities for production of ethanol.

(c)&(d) : Yes, Sir. The Sugar Development Fund Rules, 1983, provide for sanction of financial assistance to sugar mills for setting up of plants for production of ethanol from molasses/ alcohol at concessional rate of interest i.e. 2% below the Bank Rate, which effectively comes to 4% per annum at present. The sugar mill is eligible for SDF loan upto 40% of the eligible project cost which is to be repaid in eight half yearly equal instalments after one year from disbursement.

(e):The Government has decided to blend 5% ethanol with petrol with effect from November, 2006. The percentage of blending has been planned to be increased to 10% in Phase-II, which is expected to generate a demand of about 1200 million litres after one year or so.